

# REVENUE NEUTRAL RATE



## Process and Requirements

### K.S.A. 79-2988

The timelines will remain the same as last year budgeting purposes. County Clerks will notify individual tax payers this year.

There is a requirement for a **roll call vote** of board members and how they voted on the RNR resolution.

Remember, with normal increases in local assessed valuation the mill levy (Revenue Neutral Rate) goes down to raise the same amount of dollars.

Revenue Neutral Rate – Summary of Timelines	
Timeline	Action
June 15	County Clerk notifies district of Revenue Neutral Rate
July 20	District notifies County Clerk of tax rate for new year, if exceeding the Revenue Neutral Rate. This tax rate becomes the maximum for the district.
After July 20	County Clerk notifies individual tax payers of new tax levy.
Minimum of 10 days between publication and hearing	District publishes notice to exceed Revenue Neutral Rate Concurrent with Budget publication and posts the RNR form on the USD website.
Aug 20 – Sept 20	District holds hearing to exceed Revenue Neutral Rate May be same night as Budget hearing
September 20 on or before	District submits budget to Kansas State Department of Education
On or before October 1	District certifies levy and budget documents to county clerk

**Notes:**

- USDs not exceeding the Revenue Neutral Rate would follow the old law dates for publication and hearing and submit their budget to the county clerk and KSDE by August 25.
- The board of education should be informed of the mill rates reported to the county clerk by July 20, however the Resolution to Exceed the Revenue Neutral Rate is not adopted until after the hearing is held.

- *The taxing subdivision cannot levy above the RNR. If the taxing subdivision adopts a budget that does not exceed the RNR, the subdivision should contact the county clerk to prepare for valuation decreases from the June 15<sup>th</sup> property valuation estimates to the November 1<sup>st</sup> property valuations certified to the county clerk. If property valuations decrease from June 15<sup>th</sup> to November 1<sup>st</sup>, the taxing subdivision would realize less dollars than budgeted. If the taxing subdivision levied higher than the RNR, the legislation requires refunds to tax payers in any amount levied above the RNR.*
- *Based on the State Department of Administration, Office of Accounts and Reports, recreation commissions will be computed separately and will not be included in the school district's Revenue Neutral Rate.*

## Excerpts K.S.A. 79-2988

1. **County Clerk will provide** to taxing subdivisions on or before **June 15** of each year their revenue neutral rate and include said rate on the notice of the estimated assessed valuation provided to each taxing subdivision for budget purposes.
2. No tax rate in excess of the revenue neutral rate shall be levied by the governing body of any taxing subdivision unless a resolution or ordinance has been approved by the governing body according to the following procedures:
3. On or before **July 20**, the **governing body shall notify the county clerk** of its proposed intent to exceed the revenue neutral rate and provide the date, time and location of the public RNR hearing and its proposed tax rate.
4. At least **10 days in advance of the public RNR hearing**, the governing body shall publish notice of its proposed intent to exceed the revenue neutral rate by publishing notice:
  - (A) On the **website** of the governing body, if the governing body maintains a website; and
  - (B) in a weekly or daily **newspaper** of the county having a general circulation therein. The notice shall include, but not be limited to, its proposed tax rate, its revenue neutral rate and the date, time and location of the public hearing.
5. The **public RNR hearing** to consider exceeding the revenue neutral rate shall be held not sooner than **August 20 and not later than September 20**. The governing body shall provide interested taxpayers desiring to be heard an opportunity to present oral testimony within reasonable time limits and without unreasonable restriction on the number of individuals allowed to make public comment. The public RNR hearing may be conducted on the same night as the budget hearing, but the hearings must be held separately pursuant to K.S.A. 79-2929, and amendments thereto, if the governing body otherwise complies with all requirements of this section. Nothing in this section shall be construed to prohibit additional public hearings that provide additional opportunities to present testimony or public comment prior to the public hearing required by this section.
6. A **majority vote** of the governing body, by the adoption of a resolution or ordinance to approve exceeding the revenue neutral rate, shall be required prior to adoption of a proposed budget that will result in a tax rate in excess of the revenue neutral rate. Such vote of the governing body shall be **conducted at the public RNR hearing** after the governing body has heard from interested taxpayers and **shall be a roll call vote**. If the governing body approves exceeding the revenue neutral rate, the governing body shall not adopt a budget that results in a tax rate in excess of its proposed tax rate as stated in the notice provided pursuant to this section. A copy of the resolution or ordinance to approve exceeding the revenue neutral rate and a certified copy of any roll call vote reporting, at a minimum, the name and vote of each member of the governing body

related to exceeding the revenue neutral rate, whether approved or not, shall be included with the adopted budget, budget certificate and other budget forms filed with the county clerk and the director of accounts and reports and shall be published on the website of the department of administration.

7. Any governing body subject to the provisions of this section that **does not comply** with subsection (b) shall **refund** to taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.
8. Any taxpayer of the taxing subdivision that is the subject of the complaint or such taxpayer's duly authorized representative **may file a complaint** with the state board of tax appeals by filing a written complaint, on a form prescribed by the board, that contains the facts that the complaining party believes show that a governing body of a taxing subdivision did not comply with the provisions of subsection (b) and that a reduction or refund of taxes is appropriate. The complaining party shall provide a copy of such complaint to the governing body of the taxing subdivision making the levy that is the subject of the complaint. Notwithstanding K.S.A. 74-2438a, and amendments thereto, no filing fee shall be charged by the executive director of the state board of tax appeals for a complaint filed pursuant to this paragraph. The governing body of the taxing subdivision making the levy that is the subject of the complaint shall be a party to the proceeding. Notice of any summary proceeding or hearing shall be served upon such governing body, the county clerk, the director of accounts and reports and the complaining party. It shall be the duty of the governing body to initiate the production of evidence to demonstrate, by a preponderance of the evidence, the validity of such levy. **If upon a summary proceeding or hearing, it shall be made to appear to the satisfaction of the board that the governing body of the taxing subdivision did not comply with subsection (b), the state board of tax appeals shall order such governing body to refund to taxpayers the amount of property taxes over collected or reduce the taxes levied, if uncollected.** The provisions of this subsection paragraph shall not be construed as prohibiting any other remedies available under the law.
9. On and after January 1, 2022, in the event that the 20 mills levied by a school district pursuant to K.S.A. 72-5142, and amendments thereto, increases the property tax revenue generated for the purpose of calculating the revenue neutral rate from the previous tax year and such amount of **increase in revenue generated from the 20 mills is the only reason the school district would exceed the total property tax revenue from the prior year, the school district shall be deemed to not have exceeded the revenue neutral rate** in levying a tax rate in excess of the revenue neutral rate to take into account the increase in revenue from only the 20 mills.
10. If the governing body of a taxing subdivision must conduct a public hearing to approve exceeding the revenue neutral rate under this section, the governing body of the taxing subdivision **shall certify, on or before October 1**, to the proper county clerk the amount of ad valorem tax to be levied.
11. If a governing body of a taxing subdivision **did not comply** with the provisions of subsection (b) and certifies to the county clerk an amount of ad valorem tax to be levied that would result in a tax rate in excess of its revenue neutral rate, the county clerk shall **reduce the ad valorem tax** to be levied to the amount resulting from such taxing subdivision's revenue neutral rate.
12. **After the first two years**, in the event that a county clerk incurred costs of printing and postage that were not reimbursed pursuant to section 7, and amendments thereto, such county clerk may seek **reimbursement from all taxing subdivisions** required to send the notice. Such costs shall be shared proportionately by all taxing subdivisions that were included on the same notice based on the total property tax levied by each taxing subdivision. Payment of such costs shall be due to the county clerk by December 31.

# Sample Resolution

The local board of education must approve by resolution to exceed the Revenue Neutral Tax Rate. In addition, the Board of Education must take a roll call vote and how the board members voted. Below is a sample resolution:

RESOLUTION NO. \_\_\_\_\_

*A resolution expressing the property taxation policy of USD 000 [district name] with respect to exceeding the Revenue Neutral Tax Rate for financing the annual budget for 2023-2024.*

K.S.A 79-2988, provides that a levy of property taxes to finance the 2023-2024 budget of USD 000 exceeds the Revenue Neutral Tax Rate to finance the 2023-2024 budget of USD 000, be authorized by a resolution.

NOW, THEREFORE, BE IT RESOLVED by USD 000 that the 2023-2024 budget with a levy of property taxes exceeding the Revenue Neutral Tax Rates calculated for 2023-2024, as adjusted pursuant to K.S.A 79-2988 is hereby adopted.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2023 by USD 000 [district name] in [home county] County, Kansas.

Board Clerk Signature

Board President Signature

\_\_\_\_\_

\_\_\_\_\_

Board Member Name	Vote	
	Yes	No
1.		
2.		
3.		
4.		

Board Member Name	Vote	
	Yes	No
5.		
6.		
7.		

# Suggested procedures for determining tax levies for the Revenue Neutral Tax Rate.

Levies must be determined for each Tax Levy fund needed for the school year. There will be a separate Revenue Neutral Rate for General, Capital Outlay (if necessary), Bond & Interest and all other levies will be combined into one rate.

General	No Fund Warrant
Capital Outlay**	Special Assessment
Bond and Interest #1	Temporary Note
Bond and Interest #2 (If necessary)	Historical Museum
Supplemental General (LOB)	Public Library Board
Adult Education	Public Library Board- Employee Benefits
Special Liability Expense	Extraordinary Growth Facilities
<b>**Will be separate if the assessed valuation is different from all other funds</b>	Cost of Living

## Process to determine taxes needed.

1. Most school districts will levy taxes for General, Supplemental General (LOB) and Capital Outlay.
2. The county clerk will provide the estimated assessed valuation and the Revenue Neutral Rate by June 15 for General fund, Capital Outlay (if different assessed valuation), Bond & Interest (if different assessed valuation) and another assessed valuation and the Revenue Neutral Rate for all other funds.
3. For General fund, multiply 20 mills times the General fund assessed valuation provided by the county clerk.
4. For Capital outlay, multiply the Capital outlay assessed valuation (if provided) times the mill rate the district plans to use.
5. For the bond and interest levy, determine the taxes needed using code 62 in the budget software to determine the amount necessary to meet the bond and interest payments.
6. The other tax levies can be determined based on completing those funds in the budget software.
7. The tax levies needed for the Historical Museum and Public Library will need to be determined on the budget software.
8. As noted, the Recreation Commission levies are **not** part of the school districts calculation for the Revenue Neutral Tax Rate and is responsible to provide their tax levy amounts to the county clerk by July 20.

### **IMPORTANT: The District's Planned Tax Rate must be certified to the county clerk on or before July 20.**

- If a district fails to meet that deadline, the district will have the same taxes from the previous year or they could be lower if the assessed valuation decreases from the previous year.
- If a district certifies a higher amount of taxes needed to the county clerk, the amount can be lowered prior to publishing the budget or it can be reduced by the board of education after having their public hearing.

USDs can publish the Code 99 & RNR info on the same page but hold separate hearings for the RNR and Budget on the same night. The board holds the RNR hearing first and adopts the RNR Resolution during the hearing. Then the board adopts the budget during the regular board meeting along with the LOB percentage resolution.

**Notice of Hearing 2023-2024 Budget**

The governing body of Unified School District 434 will meet on the 11 day of September 2023 at 7:00 PM at 104 Yellow Brick Road, Oz, KS 66414 for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of tax to be levied. Detailed budget information, including budget profile, building needs assessment and Board state assessments review is available at the District Office, USD Website on the district website and will be available at this hearing.

The Amount of 2023 Tax to be Levied and Expenditures (published below) establish the maximum limits of the 2023-2024 Budget. The 'Est. Tax Rate' (column 7), shown for comparative purposes, is subject to slight change depending on final assessed valuation.

	Code 99 Line	2021-2022 Actual		2022-2023 Actual		2023-2024 Proposed Budget		
		Actual Expenditures (1)	Actual Tax Rate* (2)	Actual Expenditures (3)	Actual Tax Rate* (4)	Budgeted Expenditures (5)	Amount of 2023 Tax to be Levied (6)	Est. Tax Rate* (7)
<b>OPERATING</b>								
General	06	8,542,722	20.000	9,181,150	20.000	9,719,809	1,197,344	20.000
Supplemental General (LOB)	08	2,814,843	17.004	2,838,380	16.310	3,222,508	1,007,816	14.128
<b>SPECIAL REVENUE</b>								
Federal Funds	07	1,189,175		982,434		1,377,935		
Adult Education	10	0	0.000	0	0.000	0	0	0.000
Preschool-Aged At-Risk	11	61,638		77,683		95,000		
Adult Supplemental Education	12	0		0		0		
At Risk (K-12)	13	908,884		1,180,615		1,827,446		
Bilingual Education	14	1,452		2,253		4,900		
Virtual Education	15	33,500		46,000		55,000		
Capital Outlay	16	427,250	7.985	652,789	7.996	1,050,000	570,660	8.000
Driver Training	18	16,129		17,424		21,525		
Declining Enrollment	19	0	0.000	0	0.000	0	0	0.000
Extraordinary School Program	22	57,087		71,976		99,000		
Food Service	24	479,143		500,259		609,500		
Professional Development	26	72,570		56,628		71,200		
Parent Education Program	28	13,701		14,098		22,500		
Summer School	29	0		0		0		
Special Education	30	2,242,427		2,170,256		2,340,700		
Cost of Living	33	0	0.000	0	0.000	0	0	0.000
Career and Postsecondary Education	34	88,393		96,237		122,000		
Gifts and Grants	35	160,991		179,871		237,000		
Special Liability Expense Fund	42	0	0.000	0	0.000	0	0	0.000
School Retirement	44	0	0.000	0	0.000	0	0	0.000
Extraordinary Growth Facilities	45	0	0.000	0	0.000	0	0	0.000
Special Reserve Fund	47	0		0		0		
KPERs Special Retirement Contribution	51	954,599		956,418		999,457		
Contingency Reserve	53	0		0		0		
Textbook & Student Material Revolving	55	52,624		61,634		0		
Activity Fund	56	263,512		266,604		0		
<b>DEBT SERVICE</b>								
Bond and Interest #1	62	435,850	4.833	471,080	4.313	570,820	299,315	4.196
Bond and Interest #2	63	0	0.000	0	0.000	0	0	0.000
No-Fund Warrant	66	0	0.000	0	0.000	0	0	0.000
Special Assessment	67	0	0.000	0	0.000	0	0	0.000
Temporary Note	68	0	0.000	0	0.000	0	0	0.000
<b>COOPERATIVES<sup>1</sup></b>								
Special Education	78	0		0		0		
<b>TOTAL USD EXPENDITURES</b>	100	18,816,490	49.822	19,823,789	48.619	22,446,300	3,075,135	46.324
Less: Transfers	105	3,381,500		3,846,289		3,971,206		
<b>NET USD EXPENDITURES</b>	110	15,434,990		15,977,500		18,475,094		
<b>TOTAL USD TAXES LEVIED</b>	115	2,904,375		3,055,481		3,075,135		

Code 99 Line	2021-2022 Actual		2022-2023 Actual		2023-2024 Proposed Budget		
	Actual Expenditures (1)	Actual Tax Rate* (2)	Actual Expenditures (3)	Actual Tax Rate* (4)	Budgeted Expenditures (5)	Amount of 2023 Tax to be Levied (6)	Est. Tax Rate* (7)
<b>OTHER</b>							
Historical Museum	80	0 0.000	0 0.000	0 0.000	0	0	0.000
Public Library Board	82	0 0.000	0 0.000	0 0.000	0	0	0.000
Public Library Board Employee Benefits	83	0 0.000	0 0.000	0 0.000	0	0	0.000
Recreation Commission	84	0 0.000	0 0.000	0 0.000	0	0	0.000
Rec Comm Emp Benefits & Spec Liab	86	0 0.000	0 0.000	0 0.000	0	0	0.000
<b>TOTAL OTHER</b>	120	0 0.000	0 0.000	0 0.000	0	0	0.000
<b>TOTAL TAXES LEVIED</b>	125	\$2,904,375	\$3,055,481	\$3,075,135			
Assessed Valuation - General Fund	128	\$54,947,624	\$56,478,473	\$59,867,181			
Assessed Valuation - All Other Funds	130	\$60,559,851	\$67,294,860	\$71,332,552			
Assessed Valuation - Capital Outlay	129	\$60,543,947	\$67,262,147	\$71,332,552			
<b>Outstanding Indebtedness, July 1</b>		2021	2022	2023			
General Obligation Bonds	135	3,140,000	2,820,000	2,480,000			
Capital Outlay Bonds	140	0	0	0			
Temporary Note	145	0	0	0			
No-Fund Warrant	150	0	0	0			
Lease Purchase Principal	153	259,200	159,200	59,200			
<b>TOTAL USD DEBT</b>	155	3,399,200	2,979,200	2,539,200			
<i>*Tax Rates are expressed in Mills</i>							
Board President				Clerk of the Board			

Exceeding the Revenue Neutral Tax Rate for the 2023-2024 School Year					
The governing body of Unified School District 434 will meet on the 11 day of September 2023 at 6:45 PM at 104 Yellow Brick Road, Oz, KS 66414 for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of tax to be levied. Detailed budget information, including budget profile, is available at the District Office, USD Website and will be available at this hearing.					
Revenue Neutral Tax Rate					
	2022-2023			2023-2024	
	Actual Tax Levied	Actual Tax Rate	Neutral Tax Rate	Estimated Tax Levied	Est. Tax Rate
General	\$1,129,570	20.000	18.868	\$1,197,344	20.000
Bond and Interest #2	\$0	0.000		\$0	0.000
<b>ALL OTHER FUNDS</b>					
Supplemental General (LOB)	\$1,097,579	16.310		\$1,007,816	14.128
Adult Education	\$0	0.000		\$0	0.000
Capital Outlay	\$538,090	7.996		\$570,660	8.000
Cost of Living	\$0	0.000		\$0	0.000
Special Liability Expense Fund	\$0	0.000		\$0	0.000
Extraordinary Growth Facilities	\$0	0.000		\$0	0.000
Bond and Interest #1	\$290,243	4.313		\$299,315	4.196
No-Fund Warrant	\$0	0.000		\$0	0.000
Special Assessment	\$0	0.000		\$0	0.000
Temporary Note	\$0	0.000		\$0	0.000
Historical Museum	\$0	0.000		\$0	0.000
Public Library Board	\$0	0.000		\$0	0.000
Public Library Board Employee Benefits	\$0	0.000		\$0	0.000
<b>Sub Total - All Other Funds</b>	\$1,925,912	28.619	26.999	\$1,877,791	26.324
Board President				Clerk of the Board	

For more information, contact:

Dale Brungardt, School Finance  
(785) 296-3872



Kansas State Department of Education  
900 S.W. Jackson Street, Suite 356  
Topeka, Kansas 66612-1212  
(785) 296-3201  
[www.ksde.org](http://www.ksde.org)